

8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 mandates every company whose paid-up Capital is ₹ 5 crores or more to appoint a whole-time company secretary.

Recovery from shell companies

2539. SHRI KUMAR KETKAR: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the number of directors disqualified post director KYC drive during the financial years 2017-18 and 2018-19;
- (b) the number of them reinstated;
- (c) the number of companies identified in same drive, alleged to be shell companies;
- (d) the number of them reinstated; and
- (e) the amount recovered from such companies?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): (a) Number of Directors' DIN deactivated but not disqualified as per the law for non-filing of DIR-3 KYC forms during 2017-18, 2018-19 and 2019-20 (current year) is 16,94,414.

(b) Number of Directors DIN further reinstated after filing of DIR-3-KYC form with required fees is 4,29,771.

(c) to (e) The term "Shell Companies" is not defined in the Companies Act, 2013 and therefore, the question of reinstatement and amount recovered from such companies does not arise.

Deregistration of shell companies/firms

2540. DR. K.V. P. RAMACHANDRA RAO: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that Government has deregistered several shell companies throughout the country during the last two years;
- (b) if so, the details thereof; and
- (c) the details of number of companies deregistered and criteria adopted for recognising a company as a shell company' ?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): (a) to (c) The term “Shell Companies” is not defined in the Companies Act, 2013. However, Government undertook Special Drive for identification and Strike off of such unlisted companies u/s 248(1) of the Companies Act, 2013 read with the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 (amended Rules 2019), which had not filed their Financial Statements and/or Annual Returns for a continuous period of two immediate preceding financial years.

During the financial year 2017-18 and 2018-19, Registrars of Companies have removed the names of 2,26,166 companies and 1,12,797 companies respectively from the Register of companies by following the due process of law.

Misuse of CSR funds

2541. SHRI VEER SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the details of the schemes under which companies are engaged in Corporate Social Responsibility (CSR);
- (b) whether the companies are adhering to the guidelines issued by Government;
- (c) whether any violation of the guidelines and misuse of funds have been reported during the last three years; and
- (d) if so, the details thereof and the steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): (a) to (d) Schedule VII of the Companies Act, 2013 (Act) enlists areas or activities that may be undertaken by a company as Corporate Social Responsibility (CSR). The entire CSR architecture is disclosure based and CSR mandated companies are required to file details of CSR initiatives annually in the MCA21 registry. Government has recently established Centralized Scrutiny and Prosecution Mechanism to monitor CSR compliance by companies. Whenever any violation of CSR provisions is found, letters calling for information are sent. Where non-compliance is established, sanction for prosecution is accorded following due process of law. So far, sanction for prosecution has been accorded in 366 cases for the F.Y. 2014-15 and 5,382 call for information letters have been sent for F.Y. 2015-16. All CSR related offences are compoundable. So far 60 applications for compounding have been made.